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9  
10 **IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

11 DMF, Inc., a California corporation,

12 Plaintiff,

13 v.

14 AMP Plus, Inc. d/b/a ELCO Lighting,  
15 a California corporation; and

16 ELCO Lighting Inc., a California  
17 corporation,

18 Defendants.

Civil Action No. 2:18-cv-07090 CAS  
(GJXx)

**Plaintiff DMF's Opposition To  
Defendants' Ex Parte Application  
To Stay This Action**

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1      **I. Introduction**

2      The Court should deny ELCO’s Ex Parte Application to Stay (Dkt. 325) for  
3      several reasons. Further, ELCO continues to abuse the Ex Parte Application process  
4      that has forced DMF to—yet again—prepare opposition papers on a spur-of-the-  
5      moment emergency basis. DMF respectfully requests that ELCO’s stay motion be  
6      deemed submitted without further briefing and, if warranted, the Court hear the issue  
7      next Monday, December 2 at the same time that the Court is scheduled to hear  
8      ELCO’s consolidation motion.

9      DMF also respectfully requests that the rebuttal expert report date not be  
10     stayed, but that it be continued from this Friday to next Friday, December 6 without  
11     otherwise altering the current case schedule. That will allow the parties to avoid  
12     working over the Thanksgiving holiday, while providing a date certain for such  
13     reports for planning purposes that can be further modified in the event the Court  
14     deems it necessary following the December 2 hearing.

15     **II. Factual Background and PTAB Procedure**

16     **A. ELCO Chose To Litigate Validity In This Court**

17     DMF filed this case in August 2018 (Dkt. 1). In September 2018, ELCO told  
18     DMF that it believed low-voltage DC Imtra products for boats were prior art that  
19     invalidated the ‘266 Patent claims; DMF disagreed because those were low-voltage  
20     DC devices for boats.<sup>1</sup> On December 3, 2018, ELCO filed an opposition to DMF’s  
21     motion for a preliminary injunction in which ELCO argued that the ‘266 Patent  
22     claims were invalid based on the Imtra prior art and indefinite validity challenges.<sup>2</sup>

23     At that same time, ELCO could have pursued a Post Grant Review (“PGR”)  
24     proceeding in which the PTAB will consider both prior art and indefiniteness  
25     validity challenges.<sup>3</sup> Indeed, ELCO had until February 8, 2019—nine months after

26     <sup>1</sup> Dkt. 28-7, Ex. 3, p. 25

27     <sup>2</sup> Dkt. 55-10. at 6-7, 10-11.

28     <sup>3</sup> 35 U.S.C. § 321.

1 the ‘266 Patent issued on May 8, 2018—to file a PGR Petition.<sup>4</sup> But, rather than file  
2 a timely PGR Petition, ELCO chose to litigate validity in this Court and did so in  
3 opposing DMF’s preliminary injunction motion. That motion was argued on  
4 January 7, 2019 where the Court provided a tentative ruling rejecting ELCO’s Imtra  
5 prior art and indefiniteness challenges.

6 Because PGR proceedings are preferred, an Inter Partes Review (“IPR”)  
7 petition cannot be filed until the nine-month PGR period expires. So ELCO could  
8 have filed an IPR petition on February 9, 2019. But ELCO still chose to litigate the  
9 validity issues in this Court rather than file a timely IPR Petition. The Court’s  
10 March 7, 2019 preliminary injunction (Dkt. 147) maintained its rejection of ELCO’s  
11 Imtra prior art and indefiniteness validity challenges. ELCO still did not file an IPR  
12 Petition, but continued to litigate this case.

13 The parties exchanged infringement and validity contentions on March 1  
14 followed by serving their *Markman* claim construction briefs in April 2019. ELCO  
15 filed its IPR Petition on May 17, 2019, as essentially a “do-over” to avoid the  
16 consequences of its decision to litigate validity in this Court. ELCO attempts to  
17 excuse waiting until May 17<sup>th</sup> to file a PTAB challenge by arguing that it needed  
18 DMF’s infringement contentions” to know what claims to challenge besides the ones  
19 in the Complaint.<sup>5</sup> That excuse fails because ELCO copied DMF’s patented product<sup>6</sup>  
20 and did not need DMF to point out which product features and claims would be  
21 relevant. This was clear at the January 14, 2019 scheduling conference when  
22 ELCO’s counsel stated, “We’re working on the petition now, Your Honor. We hope  
23 to have it now in light of the other briefing, be able to submit that in early February,  
24 first half of February.”<sup>7</sup> Yet ELCO waited three months to file its IPR petition, to

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25 <sup>4</sup> *Id.*

26 <sup>5</sup> ELCO Ex Parte at 13-14.

27 <sup>6</sup> Dkt. 147 at 4 (Preliminary Injunction Order).

28 <sup>7</sup> Declaration of Ben M. Davidson In Support of DMF’s Opposition to Ex Parte Application To Stay (Davidson Decl.), Ex. 1 (January 14, 2019 Hearing Tr.).

1 base its filing on DMF's *Markman* brief. As one court explained, a stay under these  
2 circumstances "would give the movant (Defendant) a clear tactical advantage"  
3 where, among other things, "Defendant waited to file the petitions with the PTAB  
4 until after it had the benefit of Plaintiff's infringement contentions ... and Plaintiff's  
5 *Markman* brief," as ELCO has did here.<sup>8</sup>

6 **B. IPR Institution Is A Low Standard Skewed In Favor of the  
7 Petitioner (ELCO)**

8 The standard for instituting an IPR is lower than the preponderance of the  
9 evidence standard: The petitioner merely needs to show a "reasonable likelihood"  
10 that one or more patent claims may be invalid.<sup>9</sup> The Federal Circuit describes this  
11 "reasonable likelihood" standard to be "a significant difference" from "a  
12 preponderance of the evidence" standard.<sup>10</sup>

13 Because the PTAB may not institute an IPR if the Petitioner asserts that  
14 claims are indefinite,<sup>11</sup> ELCO filed its IPR Petition without disclosing that ELCO  
15 simultaneously was arguing indefiniteness to this Court. The Court has since  
16 dispository ruled that the '266 Patent claims are not indefinite.<sup>12</sup> Courts have  
17 refused to stay a case pending an IPR if the court already has gained familiarity with  
18 the issues by ruling on some invalidity defenses.<sup>13</sup>

19

20 <sup>8</sup> *Unwired Planet, LLC v. Square, Inc.*, 2014 U.S. Dist. LEXIS 140831, \*10-12  
21 (D. Nev. Oct. 3, 2014).

22 <sup>9</sup> 35 U.S.C. § 316(e).

23 <sup>10</sup> *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1376-77 (Fed. Cir. 2016);  
24 *accord TriVascular, Inc. v. Samuels*, 812 F.3d 1056, 1068 (Fed. Cir. 2016) ("[T]here  
25 is a significant difference between a petitioner's burden to establish a "reasonable  
26 likelihood of success" at institution, and actually proving invalidity by a  
27 preponderance of the evidence at trial.").

28 <sup>11</sup> *Intex Recreation Corp. v. Team Worldwide Corp.*, IPR2019-00243 & - 00244,  
29 Paper No. 7 (PTAB May 8, 2019) (Dkt. 205 at p. 571).

<sup>12</sup> Dkt. 266 at 29-30.

<sup>13</sup> See, e.g., *Speakware, Inc. v. Microsoft Corp.*, Case No. SA CV 18-1293-DOC  
(DFMx) (CD Cal. June 21, 2019)(Davidson Decl. Ex. 4).

1       The PTAB’s initial institution decision was based solely on ELCO’s Petition,  
2 DMF’s Initial Response and ELCO’s Reply; there was no claim construction  
3 hearing. The institution standard itself is relatively low and skewed in favor of the  
4 Petitioner (ELCO here). For example, in addition to the low “reasonable likelihood”  
5 standard, expert testimony is “viewed in **the light most favorable to the**  
6 **petitioner.**<sup>14</sup> Further, the PTAB’s initial claim construction included new claim  
7 construction positions that ELCO had not raised and that DMF had no opportunity to  
8 respond (discussed further below). That’s part of the IPR institution process: the  
9 PTAB provides “an initial claim construction determination”, but further evidence  
10 and arguments will be considered before the PTAB issues a “final claim construction  
11 decision” at the end of the IPR process about a year later.<sup>15</sup> The PTAB thus explains  
12 that it “is not bound by any findings made in its Institution Decision,” which is made  
13 “without the benefit of a full record” and the PTAB “is free to change its view of the  
14 merits after further development of the record.”<sup>16</sup> The PTAB emphasized many  
15 times here that its decision is limited to the initial record.<sup>17</sup>

16       PTAB procedures have seen significant changes relevant here. First, until  
17 recently, the PTAB instituted an IPR only on the specific claims and validity  
18 grounds that met the “reasonable likelihood” standard. But that changed with the  
19  
20

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21       <sup>14</sup> PTAB Trial Practice Guide (July 2019) at 19 (citing 37 C.F.R. §§ 42.108(c),  
22 42.208(c)).

23       <sup>15</sup> PTAB Trial Practice Guide at 18.

24       <sup>16</sup> *In re Magnum Oil*, 829 F.3d at 1376-1377.

25       <sup>17</sup> See, e.g., PTAB Decision at 6 (“At this stage of the proceeding ...”); *id.* at 7 (“at  
26 this stage in the proceeding ...”); *id.* at 14 (“Based on the record before us ...”); *id.* at  
27 21 (“On the present record ... On this record...”); *id.* at 23 (“On this record ...”); *id.*  
28 at 26 (“On the present record ...”); *id.* at 28 (“Therefore, on the current record ...”);  
“On the record before us ...”); *id.* at 31 (“Petitioner shows sufficiently for  
institution that ...”, “At this stage of the proceedings ...”, “On the record before us  
...”); *id.* at 33 (“At this stage of the proceedings ... We will revisit the question  
...”).

1 Supreme Court's SAS decision last year,<sup>18</sup> and the PTAB now "will either  
2 (1) institute as to all claims ... on all grounds in the petition, or (2) ... deny  
3 institution."<sup>19</sup>

4 Second, the PTAB recently changed how it construes patent claims. The  
5 PTAB had always construed claims broadly under the "broadest reasonable  
6 interpretation" ("BRI") standard used to examine original patent application claims,  
7 which resulted in broader claim constructions than under the *Philips* standard used  
8 by district court.<sup>20</sup> For IPR petitions filed after November 13, 2018, however, the  
9 PTAB now "appl[ies] the same standard used in federal courts to construe patent  
10 claims."<sup>21</sup> The Federal Circuit explained important differences between these claim  
11 construction standards:

12 By giving the claim language its broadest reasonable interpretation, the  
13 patent examiner is able to reduce the possibility that, after the patent is  
14 granted, the claims may be interpreted as giving broader coverage than  
15 is justified. While broadly construing claim language increases the  
16 likelihood that otherwise distinguishable prior art will render the  
claimed invention anticipated or obvious, the patentee can amend the  
claim language during prosecution—and narrow it if necessary—to  
clarify the scope of the invention and avoid rejection or cancellation of  
the claims.

17 District courts, by contrast, do not assign terms their broadest  
18 reasonable interpretation. Instead, district courts seek out the correct  
19 construction—the construction that most accurately delineates the scope  
of the claimed invention—under the framework laid out in *Phillips v.*  
*AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).<sup>22</sup>

21  
22 <sup>18</sup> *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018) ("The agency cannot curate the claims at issue but must decide them all.").

23 <sup>19</sup> PTAB Trial Practice Guide (July 2019) at 31.

24 <sup>20</sup> See *Acceleron, LLC v. Dell Inc.*, 2018 U.S. Dist. LEXIS 223292, \*40 (N.D. Ga.  
April 6, 2018) ("The *Phillips* standard is more narrow than the BRI standard."); *In re CSB-System Int'l, Inc.*, 832 F.3d 1335, 1340-41 (Fed. Cir. 2016) (*Phillips* standard  
"emphasizes considering the plain meaning of the claim terms themselves in light of the  
intrinsic record [i.e., specification and file history]" but the PTAB in reexam  
uses the "broadest reasonable interpretation consistent with the specification.").

25 <sup>21</sup> PTAB Trial Practice Guide at 14-15.

26 <sup>22</sup> *PPC Broadband, Inc. v. Corning Optical Communs. RF, LLC*, 815 F.3d 734,  
740 (Fed. Cir. 2016) (some internal quotations and citations omitted).

1 Thus, this Court has more experience in reliably construing patent claims under the  
2 district court *Phillips* standard than does the PTAB.

3 Given the forgoing, ELCO's crowing that "the PTAB decided to institute inter  
4 partes review ... on all grounds" does not mean what ELCO wants you to believe it  
5 means, and ELCO's statements that "the PTAB determined that ELCO is likely to  
6 prevail on its invalidity challenges ... against [all challenged claims]" (Ex Parte at  
7 1), that "the PTAB felt that ELCO's invalidity contentions are so strong ..." (Ex  
8 Parte at 7), or that "the PTAB's strong suggestion that ELCO will ultimately prevail"  
9 (Ex Parte at 12) are illusory:

- 10 • As discussed below, the PTAB indicated that some patent claims may require  
11 receiving building mains power, which falls outside the rationale for the  
12 asserted invalidity grounds (*i.e.*, invalidity in light of the PTAB construing  
"standard junction box" and "driver" as not being limited to buildings or  
receiving building mains voltage).<sup>23</sup>
- 13 • The PTAB indicated that some grounds had "potential weakness" but "we are  
14 required to institute trial on all grounds in the Petition."<sup>24</sup>
- 15 • Page 34 of the PTAB Decision on which ELCO relies says only that "the  
16 record demonstrates a **reasonable likelihood** that Petitioner will prevail with  
respect to **at least one of the claims** challenged in the Petition."
- 17 • Nowhere does the PTAB say that "ELCO is **likely to** prevail" or make a  
"strong suggestion" that ELCO will ultimately prevail."

### III. PTAB Panel's Initial Claim Construction Decision

18 The PTAB's **initial** construction of two claim terms—"standard junction box"  
19 and "driver"—does conflict with this Court's claim construction, because the PTAB  
20 did not construe those terms in the context of recessed lights for buildings. The  
21 claim construction rulings are found at the following pages:

	Court Construction Dkt. 266	PTAB Construction Dkt. 325.2 (Boone Ex. A)
24 <b>"standard junction box"</b> (building main power)	Pages 26-27	Pages 8-15
25 <b>"driver"</b>	Pages 28-29	Pages 15-21

26  
27 <sup>23</sup> PTAB Initial Decision at 11-12 (referring to asserted Claim 16 and Claim 22  
from which asserted Claim 25 depends).

28 <sup>24</sup> PTAB Initial Decision at 29.

1       That the PTAB’s initial claim construction differs from this Court is not  
2 surprising. Unlike the PTAB’s initial construction, the Court construed the claims  
3 based on significantly more experience with the *Phillips* claim construction standard,  
4 patents, file history, prior art and technology at issue and after the parties had a  
5 complete, full and fair opportunity to be heard. The PTAB’s final claim construction  
6 may align with the Court’s, but that’s an issue for another day (about a year away).

7       ELCO thus overplays—without explaining why—the PTAB’s initial claim  
8 construction “calls the Court’s claim construction order with respect to [those] two  
9 significant terms into question.”<sup>25</sup> Knowing what specific “questions” are raised is  
10 the relevant inquiry here, not just some general assertion that there are differences.  
11 As one court explained: The Court is “certainly not required to overturn its prior  
12 decision based on the analysis in a decision by the PTAB granting or denying  
13 institution of IPR.”<sup>26</sup>

14       Below is a brief summary of the “questions” the PTAB’s initial construction  
15 might raise as to the Court’s claim construction. This provides necessary context for  
16 making an informed decision about whether those questions are so significant that  
17 the Court must alter its claim construction or even—as ELCO argues—stop this case  
18 dead in its tracks, just shy of resolution.

19       A.     **“standard junction box”**

20       The PTAB stated that “The ‘266 patent purports to provide a lighting system  
21 with a more compact and cost-effective design while complying with all building  
22 and safety codes/regulations.”<sup>27</sup> But the PTAB ultimately construed the term  
23 “standard junction box” outside the building context based on three grounds:

25       <sup>25</sup> Ex Parte Br. (Dkt. 325) at 4, 14.

26       <sup>26</sup> *Va. Innovation Scis., Inc. v. Samsung Elecs. Co.*, 983 F. Supp. 2d 713, 764-64  
27 (E.D. Va. 2014); *Liqwd, Inc. v. L’Oréal USA, Inc.*, 2019 U.S. Dist. LEXIS 70749, at  
\*13-14 (D. Del. Apr. 25, 2019)(“a decision by the PTAB is not generally binding on  
this Court.”).

28       <sup>27</sup> PTAB Initial Determination at 3 (citing Patent at 2:10-13).

1 (1) claim differentiation; (2) viewing expert testimony in a light most favorable to  
2 ELCO; and (3) giving no weight to the prosecution history. We address below  
3 whether these three grounds might raise “questions” that would require the Court to  
4 change its claim construction.

5 **1. Question 1: Does “claim differentiation” require changing the  
Court’s claim construction?**

6 The PTAB relied on the “doctrine of claim differentiation” to construe  
7 “standard junction box” where “each claim in a patent is presumptively of different  
8 scope.” ELCO did not raise claim differentiation in its Petition or in this Court.

9 Claim differentiation “only creates a presumption that each claim in a patent  
10 has a different scope; it is not a hard and fast rule of construction.”<sup>28</sup> The Federal  
11 Circuit has “declined to apply the doctrine of claim differentiation where the claims  
12 are not otherwise identical in scope,” such as when the claims have other different  
13 limitations.<sup>29</sup> For example, there is “a presumption that two independent claims have  
14 different scope when different words or phrases are used in those claims.”<sup>30</sup> The  
15 claim differentiation presumption that “claims … differ in scope does not mean that  
16 every limitation must be distinguished from its counterpart in another claim, but only  
17 that **at least one limitation must differ.**”<sup>31</sup> Further, “claim differentiation can not  
18 broaden claims beyond their correct scope, determined in light of the specification  
19 and the prosecution history and any relevant extrinsic evidence.”<sup>32</sup>

20 The PTAB relied on claim differentiation to construe “standard junction box”  
21 different from the Court because “[t]hree claims (claim 10, 16, and 22) in the ‘266

23 <sup>28</sup> *Seachange Int’l, Inc. v. C-COR Inc.*, 413 F.3d 1361, 1368-69 (Fed. Cir. 2005)  
24 (quoting *Kraft Foods, Inc. v. Int’l Trading Co.*, 203 F.3d 1362, 1365-69 (Fed. Cir.  
2000)).

25 <sup>29</sup> *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1238 (Fed. Cir. 2016).

26 <sup>30</sup> *Seachange*, 413 F.3d at 1368-69.

27 <sup>31</sup> *Kraft Foods*, 203 F.3d at 1368.

28 <sup>32</sup> *Seachange*, 413 F.3d at 1368-69 (quoting *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1480 (Fed. Cir. 1998)).

1 patent refer explicitly to a ‘building’”, but Claim 1 does not, so there is “a  
2 presumption raised that claim 1, which recites a standard junction box, does not  
3 require installation or placement in a building.”<sup>33</sup> But those three claims have other  
4 distinguishing limitations and do **not** simply state: “The compact recessed lighting  
5 system of claim 1, wherein the system is for use in a building.”<sup>34</sup> If the **only**  
6 difference between those claims and Claim 1 was that those claims added “use in a  
7 building”, then claim differentiation *might* lead to construing Claim 1 outside the  
8 building context (though that still is doubtful given the intrinsic and extrinsic  
9 evidence here).<sup>35</sup> In any event, Claims 10, 16 and 22 recite different limitations and  
10 differ in scope from Claim 1 for many reasons beyond the term “building”:

11 • **Claim 10** requires (1) that “wires pass[] through the … closed rear face and  
12 (2) the wires “are connected” to wires attached to the building electrical  
13 system and (3) the wires are connected with “caps or a connector.” Claim 1  
does not have these limitations and, unlike Claim 10, is directly infringed  
without the device being “connected” to building wires.<sup>36</sup>

14  
15 <sup>33</sup> PTAB Initial Determination at 11.

16 <sup>34</sup> See, e.g., *Ecolab, Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1375-76 (Fed. Cir.  
17 2002) (“Because the only meaningful difference between claims 16 and 17 is the  
limitation of ultraviolet light, under the doctrine of claim differentiation, claim 16  
does not require ultraviolet light.”).

18 <sup>35</sup> See *Poly-America, LP v. API Industries, Inc.*, 839 F.3d 1131, 1137 (Fed. Cir.  
19 2016) (rejecting argument that claim differentiation precluded construing a claim as  
20 having a limitation that is found in other claims, because “claim differentiation does  
not serve to broaden claims beyond their meaning in light of the patent as a whole,  
and it cannot override clear statements of claim scope found in the specification and  
prosecution history”); *O.I. Corp. v. Tekmar Co.*, 115 F.3d 1576, 1582 (Fed. Cir.  
21 1997) (“[T]he doctrine [of claim differentiation] cannot alter a definition that is  
otherwise clear from the claim language, description, and prosecution history.”);  
*Howmedica Osteonics Corp. v. Zimmer, Inc.*, 822 F.3d 1312, 1323 (Fed. Cir. 2016)  
22 (“[C]laim differentiation is a rebuttable presumption that may be overcome by a  
contrary construction dictated by the written description or prosecution history”);  
*Anderson Corp. v. Fiber Composites, LLC*, 474 F.3d 1361, 1369-70 (Fed. Cir. 2007)  
23 (“The doctrine of claim differentiation can not broaden claims beyond their correct  
scope, determined in light of the specification and the prosecution history and any  
relevant extrinsic evidence.”); *Seachange*, 413 F.3d at 1368-69 (rejecting application  
24 of claim differentiation doctrine, because it “is not a hard and fast rule and will be  
overcome by a contrary construction dictated by the written description or  
prosecution history”).

25  
26  
27 <sup>36</sup> See *N. Am. Vaccine, Inc. v. Am. Cyanamid Co.*, 7 F.3d 1571, 1577 (Fed. Cir.  
28 1993) (“While it is true that dependent claims can aid in interpreting the scope of

1           ● **Claim 16** requires “a trim directly coupled to the unified casting.” Claim 1  
2           does not require a trim and, unlike Claim 16, is directly infringed without  
3           attaching a trim.  
4           ● **Claim 22** requires (1) that the unified casting’s sidewall have “fins” and (2)  
5           wires have a “first connector” that is part of “a pair of complimentary keyed or  
6           interlocking connectors.” Claim 1 does not have those limitations. Further,  
7           unlike Claim 22, Claim 1 has (1) a “significantly dissipates heat” limitation  
8           and (2) a “plurality of elements” limitation.<sup>37</sup>

9           10. The compact recessed  
10          lighting system of claim 9 [that  
11          depends from Claim 8 that  
12          depends from Claim 1] further  
13          comprising:

14          a first plurality of wires  
15          electrically coupled to the driver,  
16          wherein the first plurality of  
17          wires passes through the heat  
18          conducting closed rear face of  
19          the unified casting,

20          a second plurality of wires that  
21          emerge from the standard  
22          junction box and that are to bring  
23          electricity from an electrical  
24          system of a **building** in which  
25          the recessed lighting system is to  
26          be installed,

27          wherein the first plurality of  
28          wires are connected to the  
29          second plurality of wires through  
30          a plurality of caps or a  
31          connector inside of the standard  
32          junction box.

33           16. The compact recessed  
34          lighting system of claim 15 [that  
35          depends from Claim 1], further  
36          comprising:

37          a trim directly coupled to the  
38          unified casting, for covering a  
39          hole in a ceiling or wall of a  
40          **building** in which the compact  
41          recessed lighting system is  
42          placed, wherein the trim connects  
43          to the unified casting via the at  
44          least one twist-and-lock  
45          connector.

46           22. A compact recessed lighting  
47          system comprising:

48           \*\*\*

49          the sidewall of the unified  
50          casting has fins formed on its  
51          outside surface; and

52          the system further comprises a  
53          plurality of wires connected to  
54          the driver and connected to a  
55          first connector of a pair of  
56          complimentary keyed or  
57          interlocking connectors ... such  
58          that in operation the first  
59          connector is coupled to a second  
60          connector ... wherein the second  
61          connector is coupled to  
62          electricity from an electrical  
63          system of a **building** in which  
64          the compact recessed lighting  
65          system is installed.

66           2. **Question 2: Is a “question” raised as to the Court’s  
67           construction because the PTAB was required to view expert  
68           testimony in a light most favorable to Petitioner ELCO?**

69          The next reason the PTAB construed “standard junction box” differently from  
70          the Court appears to be because the PTAB under this **initial** institution stage was  
71          required to view expert testimony in a light most favorable to the Petitioner (ELCO

72          claims from which they depend, they are only an aid to interpretation and are not  
73          conclusive. The dependent claim tail cannot wag the independent claim dog.”).

74          <sup>37</sup> *Seachange*, 413 F.3d at 1368-69 (rejecting application of claim differentiation  
75          to independent claims, because “there is still a presumption that two independent  
76          claims have different scope when different words or phrases are used in those  
77          claims”).

1 here).<sup>38</sup> For example, the PTAB appears to have viewed DMF’s expert Mr. Benya’s  
2 testimony in a limited way that is most favorable to ELCO:

3 Mr. Benya’s testimony is limited to junction boxes *used in residential*  
4 *or commercial buildings*. As such, it does not address whether the  
5 “standard junction box” of the claims can be used only in residential or  
commercial buildings, or only in conjunction with building main power.  
[emphasis in original]<sup>39</sup>

6 The PTAB did not mention Mr. Benya’s other testimony that he construed the term  
7 “junction box” in the context of buildings because he believed that was required after  
8 his review of the patent specification and file history.<sup>40</sup> In contrast, the PTAB  
9 viewed favorably the apparent absence of testimony by ELCO’s expert,  
10 Dr. Bretschneider, because he did “not give testimony that a POSITA would have  
11 understood that the inclusion of a standard junction box in the claims [sic: claims]  
12 requires use of the recessed lighting system only in a building, and connection only  
13 to building main power.”<sup>41</sup>

14 The PTAB also viewed favorably to ELCO the specific Dr. Bretschneider  
15 testimony relied on by the Court in construing “standard junction box”:

16 The Court also observes that ELCO’s own lighting expert explains that  
17 “a junction box installed in the ceiling provides a location for  
connection to electrical mains and provides the physical mounting  
18 mechanism for a ceiling mounted light fixture.”[Dkt. 266 at 27]<sup>42</sup>

19 But the PTAB viewed that testimony favorably to ELCO as being limited to “ceiling  
20 mounted light fixtures” that was “not addressed specifically to the ‘standard junction  
21 box.’”<sup>43</sup>

22 <sup>38</sup> The PTAB decision does not expressly state that the expert testimony was  
23 viewed in the light most favorable to ELCO (the Petitioner), but that is the standard  
the PTAB was required to apply and that is consistent with how the PTAB explained  
the expert testimony.

24 <sup>39</sup> PTAB Determination at 12-13.

25 <sup>40</sup> See Benya Decl. (Dkt. 65) at ¶¶19-23 (provided to and cited by PTAB as Ex.  
2010).

26 <sup>41</sup> PTAB Determination at 13-14.

27 <sup>42</sup> PTAB Determination at 13.

28 <sup>43</sup> PTAB Determination at 13.

1 Importantly, ELCO already had the opportunity to ask the Court to view its  
2 expert's testimony in the narrow, favorable way as the PTAB. The Court provided  
3 the parties a Tentative Claim Construction containing the quoted language above  
4 before the claim construction hearing. Neither ELCO nor its expert (who was at the  
5 hearing to provide claim construction testimony) breathed a word of concern about  
6 the Court's reading of that or any other expert testimony.<sup>44</sup>

7 **3. Question 3: Should the Court's claim construction be revised  
8 to give no weight to the prosecution history?**

9 The PTAB construed "standard junction box" without giving any weight to  
10 the file history statements that the Court considered in ruling that the claims should  
11 be construed in the building context. The PTAB gave two reasons for this, neither of  
12 which were raised by ELCO to the PTAB or the Court (so DMF had no opportunity  
13 to respond to them).

14 First, the PTAB ruled that "The statements of the Applicant's attorney are  
15 argument, not evidence."<sup>45</sup> Under the *Phillips* standard, however, the Applicant's  
16 attorney arguments in the file history about the patented invention are the epitome of  
17 "intrinsic evidence" that **must be** considered when construing the patent claims.<sup>46</sup>  
18 We do not know why the PTAB ruled otherwise (perhaps unfamiliarity with the  
19 district court *Phillips* standard?).

20 <sup>44</sup> Davidson Decl., Ex. 2 (Claim Construction Hearing Tr. of July 29, 2019) at 11.

21 <sup>45</sup> PTAB Decision at 14. The *Estee Lauder* decision on which the PTAB panel  
22 relies is not relevant here. This was a district court case in which bare attorney  
23 argument about the factual reduction-to-practice date for a claim "cannot take the  
24 place of evidence lacking in the record" on the reduction-to-practice date—*i.e.*, an  
25 attorney's bare argument is not evidence that something factually occurred on a  
26 given date. *Estee Lauder Inc. v. L'Oreal, S.A.*, 129 F.3d 588, 595 (Fed. Cir. 1997)  
27 (considering testimony and other evidence submitted in an interference proceeding  
28 to decide who was the first inventor, which interference proceeding was then  
appealed to, and tried de novo in, district court).

29 <sup>46</sup> See *Iridescent Networks, Inc. v. AT&T Mobility, LLC*, 933 F.3d 1345, 1350  
30 (Fed. Cir. 2019) ("The meaning of a term must be considered in the context of all the  
31 intrinsic evidence, including the claims, specification, and prosecution history. The  
32 prosecution history, like the specification, provides evidence of how the U.S. Patent  
33 and Trademark Office and the inventor understood the patent.").

1       Second, the PTAB ruled that “the statements fail to make clear that the  
2 standard junction box in the recessed lighting system claimed is limited to one in a  
3 building that connects to building main power,” citing cases requiring “clear  
4 disavowal of claim scope.”<sup>47</sup> Not even ELCO would agree with that ruling. Rather,  
5 in this Court, ELCO argued that “[t]he prosecution history of a patent is also  
6 **extremely important** … to ascertain the true meaning of language used in the patent  
7 claims” and “[a]rguments made during prosecution shed light on what the applicant  
8 meant by its various terms.”<sup>48</sup>

9       The Federal Circuit recently explained that “clear and unmistakable disavowal  
10 of claim scope” generally is not a proper application of the *Phillips* standard:

11       [] Iridescent contends that the prosecution history is irrelevant to the  
12 claim construction question because there is no clear and unmistakable  
13 disavowal of claim scope. We disagree. We have explained that “[a]ny  
14 explanation, elaboration, or qualification presented by the inventor  
15 during patent examination is relevant, for the role of claim construction  
16 is to capture the scope of the actual invention that is disclosed,  
17 described, and patented. Although the prosecution history may not in  
18 some cases be as clear a guide as the specification, it nonetheless “can  
19 often inform the meaning of the claim language by demonstrating how  
20 the inventor understood the invention in the course of prosecution,  
21 making the claim scope narrower than it would otherwise be.” [citing  
22 *Phillips*, 415 F.3d at 1317]<sup>49</sup>

23       Thus, the Court’s claim construction ruling (Dkt. 266 at 30) properly applied the  
24 *Phillips* standard in which “the prosecution history ‘can often inform the meaning of  
25 the claim language by demonstrating how the inventor understood the invention.’  
26 [citing *Phillips*].”

27       **B. “driver”**

28       The PTAB’s initial construction of “driver” is different the Court’s claim  
29 construction for reasons similar to those explained above for “standard junction  
30 box.” For brevity, we only quickly identify them here.

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26       <sup>47</sup> PTAB Decision at 14-15.  
27       <sup>48</sup> ELCO Opening Claim Construction Brief (Dkt. 242) at 3 (emphasis added).  
28       <sup>49</sup> *Iridescent Networks*, 933 F.3d at 1352-53.

1       First, the PTAB again applied its claim differentiation analysis that, because  
2 some claims use the term “building”, then other claims must be construed beyond  
3 the building context.<sup>50</sup>

4       Second, the PTAB appears to misread clear language from the patent  
5 specification (‘266 Patent at 4:24-27), which states that the driver may “deliver [i.e.,  
6 **output**] … a direct current (DC) voltage to the light source module 3”, to mean that  
7 “a driver receives [i.e., has input] DC voltage”, stating:

8       Nowhere does the Specification (or prosecution history to the extent  
9 identified to us) restrict the claimed system to be powered by only  
10 “building main power.” In particular, the Specification discloses that  
11 the driver may be any type of power supply that **delivers AC or DC**  
12 voltage to the light source module. Patent Owner does not address this  
13 straightforward, unambiguous statement, although it was raised by  
14 Petitioner. We interpret the statement as permitting the use of a driver  
15 that **receives DC voltage, e.g., from batteries**, which would not be  
16 connected to building main voltage. [underline emphasis in original]<sup>51</sup>

17       Third, the PTAB again gave no weight to “[t]he comments by Applicant’s  
18 counsel” during prosecution.<sup>52</sup>

19       Fourth, the PTAB viewed the expert testimony favorably to ELCO, limiting  
20 DMF’s expert’s testimony as being only that “a driver is needed when operating  
21 LED lights with building mains voltage, but not that the claimed recessed lighting  
22 systems must always be connected to building mains voltage.”<sup>53</sup>

### 23       C.     **Claim Construction’s Impact on Validity Grounds**

24       As explained further below, the Court’s constructions of “standard junction  
25 box” and “driver” were made in the context the parties dispute over whether the low-  
26 voltage DC Imtra prior art for boats invalidates the patent claims. The Court  
27 construed those terms favorable to DMF and we anticipate filing a summary  
28 judgment motion to eliminate that prior art from the case based on that dispositive

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26       <sup>50</sup> PTAB Decision at 18-19.  
27       <sup>51</sup> PTAB Decision at 19.  
28       <sup>52</sup> PTAB Decision at 20.  
29       <sup>53</sup> PTAB Decision at 20-21.

1 claim construction. Specifically, construing either “standard junction box” or  
2 “driver”—and certainly both—in the proper building context precludes invalidation  
3 of the claims based on the low-voltage DC Imtra boat products.

4 Because the IPR concerns that same Imtra prior art at issue here, ELCO  
5 erroneously argues that the Court could not enter summary judgment because, “[a]t a  
6 minimum, the PTAB Decision raises a triable issue of fact as to whether the ‘266  
7 patent is valid.”<sup>54</sup> The PTAB’s decision is based on its initial **claim construction** of  
8 “standard junction box” and “driver” that is different from this Court’s construction.  
9 But the construction of claim terms is a **question of law for the Court**,<sup>55</sup> not a  
10 genuine dispute of material factual for the jury. And the Court’s construction of  
11 those terms—by design—are dispositive of the Imtra validity dispute.

12 And those are not the only reasons for granting summary judgment on Imtra.  
13 For example, there is no dispute that a “standard junction box” has an industry  
14 specified size.<sup>56</sup> So there will be no genuine factual dispute that the Imtra products  
15 do not have the claimed “plurality of elements positioned ... so as to align with  
16 corresponding tabs of a standard junction.” ELCO’s own expert Dr. Bretschneider  
17 reports that the Imtra products are so small they fit **completely** inside a standard  
18 junction box—with plenty of room to rattle around—which does not come close to  
19 having a “plurality of elements” that align with the tabs (circled yellow below) of the  
20 standard junction box (highlighting and yellow circles added):

21  
22  
23  
24  
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27 <sup>54</sup> ELCO Ex Parte at 11.  
28 <sup>55</sup> *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995).  
29 <sup>56</sup> See Court’s Claim Construction Order (Dkt. 266 at 24-26).

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*Expert Report of Eric Bretschneider*

Hatteras is dimensioned to fit inside a standard junction box. The picture below shows an Imtra Hatteras fixture inside a standard 4 inch junction box. [Exh. Y, Imtra Hatteras at p. 27]. Thus a POSITA understands that Imtra 2011 and Imtra Hatteras teach a fixture that is dimensioned to fit inside a standard junction box.



#### 9      **IV. Argument**

10     The Court should not grant ELCO's *ex parte* application to stay this case for  
11    several reasons.

##### 12     **A. Stay Standard**

13     ELCO bears the burden of showing that a stay is appropriate.<sup>57</sup> A stay  
14    following the PTAB instituting an IPR "is not automatic" as ELCO's one-size-fits all  
15    generic stay arguments indicate, but "must be based upon the circumstances of the  
16    individual case before the court" and "ultimately the Court must decide stay requests  
17    on a case-by-case basis."<sup>58</sup> Thus, whether to stay pending IPR "is not limited" to  
18    certain factors, "[r]ather, 'the totality of the circumstances governs.'"<sup>59</sup> One factor  
19    that must be considered is "the Court's ability to control its docket to ensure that  
20    cases are managed in the interest of justice."<sup>60</sup> In *Universal Electronics*, the court  
21    expressed concern "that allowing the progress of its docket to depend on the status of

22  
23     <sup>57</sup> *Tinnus Enters. LLC v. Telebrands Corp.*, 2017 U.S. Dist. LEXIS 110691, \*8(E.  
D. Tex. Apr. 5, 2017) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 255 (1936)).

24     <sup>58</sup> *Tinnus*, 2017 U.S. Dist. LEXIS at \*8-9 ("[T]here is not per se rule that patent  
25    cases should be stayed pending PTO proceedings, because such a rule 'would invite  
  parties to unilaterally derail litigation.'").

26     <sup>59</sup> *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028,  
1031 (C.D. Cal. 2013) (quoting *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-  
01316 JVS (RNBx), 2009 WL 8591844, at \*2 (C.D. Cal., Apr. 9, 2009)).

27     <sup>60</sup> *Id.*

1 proceedings elsewhere can interfere with its obligation ‘to secure the just, speedy,  
2 and inexpensive determination of every action.’”<sup>61</sup>

3 **B. This Court Need Not Defer To The PTAB’s Initial Decision**

4 This Court need not defer to the PTAB to decide claim construction or even  
5 whether the Imtra prior art invalidates the asserted patent claims. Indeed, the PTAB  
6 Trial Practice Guide indicates that the PTAB actually should defer to this Court’s  
7 claim construction decision: The PTAB will give a district court’s claim construction  
8 appropriate weight based on, among other things, “the similarities between the  
9 record in the district court … and the record before the Board” and “whether the  
10 terms construed by the district court … are necessary to deciding the issues before  
11 it.”<sup>62</sup> Such deference to this Court is especially warranted in this case for several  
12 reasons.

13 First, the recessed lighting technology at issue is relatively straight-forward  
14 and easily falls within this Court’s abilities.<sup>63</sup> So, unlike other technically complex  
15 cases, there is no reason to defer to the PTAB for any technical expertise.

16 Second, this Court has substantial experience with this case and technology  
17 after investing court resources to study the patent claims, specification, file history—  
18 and even the precise Imtra prior art at issue in the IPR—and rule on the preliminary  
19 injunction and claim construction issues in this case. The parties and Court have  
20 been litigating the Imtra validity issue in this case since ELCO filed its preliminary  
21 injunction opposition papers nearly a year ago. And in issuing a tentative ruling in  
22 Jaunary 2010 and granting the preliminary injunction in March (Dkt. 147 at 16), the  
23 Court specifically considered ELCO’s arguments that ‘266 Patent claims were

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24 <sup>61</sup> *Id.* (citing Fed. R. Civ. P. 1). “If litigation were stayed every time a claim in  
25 suit undergoes reexamination, federal infringement actions would be dogged by fits  
and starts. Federal court calendars should not be hijacked in this manner.” *Id.*

26 <sup>62</sup> PTAB Trial Practice Guide at 16.

27 <sup>63</sup> Claim Construction Hearing Tr. of July 29, 2019 at 23 (Davidson Decl. Ex. 2  
28 (“[U]nlike most other patents, this one seems clear to me and requires less  
construction than many others I’ve seen.”)).

1 anticipated or obvious based on the Imtra prior art, stating, *inter alia*: “[T]he Imtra  
2 product is designed to receive low-voltage, direct current from a boat, and is not  
3 designed to be connected to the higher, main voltage of a residential or commercial  
4 building.”

5 Third, the Court’s claim construction ruling (Dkt. 266) was made in the  
6 context of the Imtra prior art validity dispute. For example, DMF’s claim  
7 construction brief (Dkt. 237 at 7, 9 (emphasis added)) explained that construction of  
8 the “standard junction box” and “driver” claim terms would resolve validity disputes  
9 about the low-voltage DC Imtra prior art:

- 10 • **standard junction box – “The Dispute.** The dispute underlying this claim  
11 term concerns ELCO reading the term “standard junction box” on alleged  
12 prior art that may not be compatible with the size of a standard junction box  
13 for residential/commercial buildings or perform such a junction box’s function  
14 of enclosing wire splices to building main voltage (120 VAC or 277 VAC)—  
15 *e.g., the alleged prior art may concern a low voltage device in a boat.*”
- **driver – “The Dispute.** The dispute underlying this claim term concerns  
ELCO reading the term “driver” on low direct current (“DC”) voltage  
components of **alleged prior art that does not receive the much higher  
building mains alternating current (“AC”) voltage** (e.g., 120 VAC or 277  
VAC) that is the subject of the ‘266 Patent.

16 Court’s typically deny a stay where, as here, the Court has invested resources and  
17 has significant experience in the technology and issues presented in the case.<sup>64</sup>

18 Fifth, as discussed, this Court has significantly more experience in applying  
19 the district court *Phillips* claim construction standard, which the PTAB only recently  
20 started to apply.

21 <sup>64</sup> *Livjo, Inc. v. Deckers Outdoor Corp.*, 2011 U.S. Dist. LEXIS 158490, \*25  
22 (C.D. Cal. Sep. 27, 2011) (“This case is poised for trial. After considering parties’  
23 briefs and oral argument on Defendant’s summary judgment motion,  
24 this Court is familiar with the patent at issue. As a result, the Court finds it  
unnecessary to wait for the USPTO’s guidance upon reexamination.”) *Telemac*  
25 *Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006) (“Because  
26 this Court is already familiar with some of Telemac’s patents, its interest in  
simplifying the proceedings by waiting for the PTO to reexamine the patents is not  
as strong as it might otherwise be.”); *Fresenius Med. Care Holdings, Inc. v. Baxter*  
27 *Int’l, Inc.*, No. C 03-1431 SBA, 2007 U.S. Dist. LEXIS 44107, at \*14-16 (N.D. Cal.  
June 6, 2007) (“Moreover, this Court is already intimately familiar the with  
the technology at issue here, and therefore its interest in simplifying the proceedings  
by waiting for the PTO to reexamine the patents is significantly weaker than in cases  
where trial has not already been held.”)

1       Sixth, unlike the Court’s construction, the PTAB’s *initial* claim construction  
2 ruling is not intended to govern those proceedings, but is only an initial ruling based  
3 on an incomplete record in which the PTAB views expert testimony in a light most  
4 favorable to ELCO. Indeed, as discussed, the PTAB’s initial construction was based  
5 on new claim construction grounds not raised by ELCO that DMF has not had the  
6 opportunity to respond to.

7       Seventh, if the “questions” ELCO alleges were raised as to the Court’s claim  
8 construction have any merit here, then ELCO can decide to allot briefing space to the  
9 issues in opposing DMF’s anticipated summary judgment motion on, *inter alia*, the  
10 Imtra prior art validity challenge. That simple summary judgment motion—which  
11 will be very boring since the Court will be traversing well-worn ground—may lead  
12 to settlement or otherwise resolve this case, the co-pending design patent case  
13 between the parties, and the IPR proceeding.

14       **C.      PTAB May Reconsider, Terminate or Stay the IPR In Deference To  
15                   the Court’s Case Status Ruling**

16       The PTAB has discretion to deny instituting an IPR based on the advanced  
17 stage of a co-pending district court litigation. The PTAB explained that the reason it  
18 did not exercise that discretion here was its belief that this Court may stay this case if  
19 an IPR were instituted:

20       [W]e viewed the District Court’s order [denying without prejudice  
21                   ELCO’s request for a stay] as signaling ... a willingness to revisit the  
22                   issue of a stay following our decision on institution. It is, therefore, a  
23                   possibility that the March 31, 2020, trial date in the District Court may  
24                   not hold.

25       [W]e do not believe the record of this case supports the conclusion that  
26                   we should deny institution of trial. For example, as noted above, the  
27                   District Court has signaled a willingness to consider a stay of its  
28                   proceedings pending our determination in this IPR, which would  
                         necessarily delay the trial date cited by Patent Owner.<sup>65</sup>

Accordingly, if the Court timely denies ELCO’s stay motion, the PTAB may decide  
to reconsider whether to institute the IPR, terminate the IPR or stay the IPR.

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<sup>65</sup> PTAB Initial Decision at 34.

1       Even if the IPR still were to proceed, DMF agrees with ELCO that proceeding  
2 “based on an incorrect claim construction is nonsensical.”<sup>66</sup> As discussed above,  
3 there is no reason to believe that this Court’s claim construction is incorrect and,  
4 even if it were, the anticipated summary judgment to be filed in a few weeks gives  
5 ELCO the opportunity to raise the claim construction “questions” (discussed above)  
6 for the Court to consider a few weeks after that. In contrast, the PTAB will not seek  
7 to correct any errors in its initial claim construction until entering its final  
8 determination that—as ELCO admits—is not expected until a year from now.<sup>67</sup> It  
9 would be “nonsensical” to stay this case and proceed in the PTAB IPR for a year on  
10 the single Imtra validity issue under an incorrect claim construction. In contrast, it is  
11 highly efficient for any alleged claim construction “questions” to be addressed by  
12 this Court in a matter of weeks in a simple summary judgment ruling that  
13 simultaneously resolves all infringement and validity issues (not just Imtra).

14       Further, the Court and parties should not waste the significant resources and  
15 effort invested to reach this advanced stage by stopping progress just short of  
16 resolution. ELCO erroneously compares this simple case on recessed lights that is  
17 near resolution to cases that involved complex technologies with burdensome  
18 pretrial and trial stages yet to be completed. For example, *PersonalWeb* filed patent  
19 cases against Facebook and 20 other defendants that used complex data processing  
20 systems.<sup>68</sup> *Emsat Advanced* alleged infringement of complex mobile phone tracking

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25       <sup>66</sup> Ex Parte at 14.

26       <sup>67</sup> 35 U.S. C. §§ 307, 316(a)(11); see also Ex Parte at 12 (“[T]he PTAB will issue  
final orders … within twelve months after institution of the IPR.”).

27       <sup>68</sup> *PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 5:13-CV-01356-EJD, 2014  
28 U.S. Dist. LEXIS 4095, at \*5 (N.D. Cal. Jan. 13, 2014).

1 software patents.<sup>69</sup> *Cywee Group* involved “cutting-edge motion sensing  
2 technologies for handheld devices.”<sup>70</sup>

3 **D. Stay Will Complicate—Not Simplify—Issues**

4 ELCO’s argument that a stay would save valuable resources<sup>71</sup> is mistaken for  
5 several reasons.

6 First, as a threshold matter, ELCO’s generic assertion is detached from the  
7 handful of specific issues that actually remain in the patent part of this case. The  
8 Court’s claim construction order—by design—essentially resolved the infringement  
9 issues (e.g., the Court rejected ELCO’s “closed rear face” construction on which it  
10 primarily relied for non-infringement). ELCO’s remaining invalidity defense are  
11 prior art challenges based on three primary references that the Court already  
12 considered in the preliminary injunction ruling and the Court’s claim construction  
13 ruling—by design—essentially resolved favorably to DMF: (1) the Imtra low-  
14 voltage DC products; (2) the LMH2 low-voltage DC products that require an  
15 external heat sink;<sup>72</sup> and (3) the Kim patent with a two-part housing (heat sink rear  
16 and non-heat conducting sidewall) rather than a “unified casting” and that is  
17 **identical** to the Woo reference that the patent Examiners found did not invalidate the  
18 patent claims.<sup>73</sup> ELCO’s unclean hands defense does not appear to be an issue and,  
19 if so, the Court already indicated that “the merits of this defense are better resolved

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23 <sup>69</sup> *Emsat Advanced v. T-Mobile USA, Inc.*, No. 4:08cv00817, 2011 U.S. Dist.  
24 LEXIS 23327, at \*2 (N.D. Ohio Mar. 8, 2011)

25 <sup>70</sup> *Cywee Group Ltd. v. Samsung Elecs. Co.*, 2019 U.S. Dist. LEXIS 144149, \*10  
(E.D. Tex. Feb. 14, 2019)

26 <sup>71</sup> *Ex Parte* at 1.

27 <sup>72</sup> See Preliminary Injunction Order (Dkt. 147) at 2; Benya Decl. (Dkt. 64) at 74.

28 <sup>73</sup> See Preliminary Injunction Order (Dkt. 147) at 13-15.

1 on a motion for summary judgment.”<sup>74</sup> In sum, what remains of the patent case is  
2 very straightforward and most likely will be resolved in whole or in part a few weeks  
3 from now by summary judgment.

4 Second, the PTAB’s initial determination indicates that at least two asserted  
5 patent claims should be construed in the building context. The PTAB’s claim  
6 differentiation argument identified Claim 16 and Claim 22 as having the “building”  
7 limitation; Claim 16 and Claim 25 (that depends from Claim 22) are asserted claims.

8 Third, this case also has trademark and unfair competition claims arising  
9 under the Lanham Act and California law.<sup>75</sup>

10 Fourth, DMF’s design patent case against ELCO is pending.<sup>76</sup>

11 DMF has maintained, and ELCO has not disputed, that a timely judgment  
12 entered in the ‘266 utility patent case is likely to lead to settlement of all these  
13 matters. We may be just weeks away from that.

14 **E. Undue Prejudice and Tactical Advantage**

15 **1. Prejudice from wasting the substantial resources invested to  
bring this case to the brink of resolution**

16 Where, as here, a case is in an advanced stage, the substantial investment of  
17 time and effort by courts has led to denial of a stay, even after an IPR has been  
18 instituted. For example, in *Immunex Corp. v. Sanofi et al.*,<sup>77</sup> the PTAB had instituted  
19 an IPR. The plaintiff moved to stay right before briefing was completed on a  
20 potentially dispositive motion. Judge Otero noted that “[b]oth parties ha[d] invested  
21 a substantial amount of resources into this briefing” and that compelling the

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24 <sup>74</sup> Order of Apr. 29, 2019 (Dkt. 2183 at 1). ELCO either has dropped the defense  
25 or should be precluded from raising it for failing to comply with Magistrate Judge  
Standish Order (Dkt. 286) that ELCO produce unclean hands defense discovery.

26 <sup>75</sup> Dkt. 1 at 43-49.

27 <sup>76</sup> *DMF Inc. v. AMP Plus, Inc.*, Case No. 2:19-cv-04519.

28 <sup>77</sup> *Immunex Corp. v. Sanofi et al.*, Case No. CV 17-02613 SJO (PLAx) (CD Cal.  
May 8, 2018) (Judge Otero)(Davidson Decl., Ex. 5) at 9.

1 defendants to complete their inter partes review proceedings before the Court heard  
2 the summary judgment motion would give the plaintiff a clear tactical advantage. *Id.*

3 In *Speakware, Inc. v. Microsoft Corp.*, Judge Carter denied a motion to stay  
4 based on the significant resources spent in the case—though not as significant as  
5 those spent by the Court here—even though trial was over six months away:

6 Over the past eleven months, the parties have briefed motions to  
7 consolidate and two motions to dismiss, including additional briefing  
8 responding to the Decision and Order by Special Master Phillips. The  
9 Court has also expended significant resources in the instant action,  
10 including the determination of a substantive Alice motion regarding the  
validity of the 186 Patent. Accordingly, staying the case now, for  
months on end, would “undermine this Court’s efficient management of  
the case.” *Polaris*, 2016 WL 7496740, at \*2 (denying stay of a case  
filed nine months prior).<sup>78</sup>

11 In *Tinnus v. Telebrands*,<sup>79</sup> the PTAB had instituted post-grant reviews (PGRs)  
12 using the higher “more likely than not” standard.<sup>80</sup> Noting the possibility that the  
13 PTAB would not cancel all of the claims, the court declined to stay in light of “the  
14 practical difficulties of resetting a trial date after significant delay, the undertaking of  
15 re-familiarization with the issues of the case, and the necessity to determine the  
16 scope of what was decided by the PTAB, and how, if at all, that information should  
17 be presented to the jury.”<sup>81</sup> Moreover, the court declined to stay the case because—

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20 <sup>78</sup> *Speakware, Inc. v. Microsoft Corp.*, Case No. SA CV 18-1293-DOC (DFMx)  
(CD Cal. June 21, 2019)(Davidson Decl. Ex. 4). *See also Interwoven, Inc. v.*  
21 *Vertical Computer Sys., Inc.*, 2012 WL 761692, at \*4 (N.D. Cal. Mar. 8, 2012)  
(denying stay, noting that discovery was well underway, but that “[m]ore  
22 importantly, the parties have fully briefed the issue of claim construction, attended a  
Markman hearing, and received a claim construction order”); *APP Pharm., LLC v.*  
23 *Ameridose LLC*, 2011 WL 816622, at \*2 (D.N.J. Mar. 8, 2011) (“The Court having  
invested significant resources in becoming familiar with the patents, relevant art, the  
24 parties’ drug products, claim construction and the like, it would be a waste of  
judicial resources to put off litigating the instant matter for the length of  
time necessary to conclude the reexamination process.”).

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26 <sup>79</sup> *Tinnus Enters., LLC v. Telebrands, Inc.*, 2017 U.S. Dist. LEXIS 110691, Case  
No. 6:16-CV-00033-RWS (E.D. Tex. April 5, 2017).

27 <sup>80</sup> *Id.*

28 <sup>81</sup> *Id.* at 13.

1 as here—the court had “already considered the issues before the PTAB and reached  
2 (or preliminarily reached) opposite conclusions.”<sup>82</sup>

3 This Court similarly invested enormous time and resources in making rulings  
4 in this case to bring this litigation to a close. Fact discovery has already closed.  
5 Opening expert reports have been served, and rebuttal expert reports will be  
6 exchanged by the end of the week. The Court has indicated at two status  
7 conferences now that it is inclined to consider DMF’s summary judgment motion to  
8 resolve the dispute in this case. It would take one year from institution for each of  
9 ELCO’s IPR’s to be decided. Then, if even one infringed claim survives, the Court  
10 and parties would have to refamiliarize themselves with the case.

11 To avoid wasting judicial resources expended in this case, and avoid further  
12 waste of resources by the Court having to refamiliarize itself with the subject matter  
13 of the case in a year or longer, the Court should permit DMF to move forward with a  
14 summary judgment motion and, if necessary trial.

15  
16 Dated: November 25, 2019

Respectfully submitted,

17 by: /s/ David W. Long

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28 <sup>82</sup> *Id.* at 13-14.